

# FUNDING FOR FINANCIAL COUNSELLING

Across Australia, funding for financial counselling continues to be ad hoc, inconsistent and uncertain. Governments increase, decrease or in some cases de-fund services almost at a whim. We need to find a better way.

The starting point is that funding for financial counselling is a shared responsibility between the Federal and State Governments as well as the industries that benefit from financial counselling: banks, credit unions, telcos, utilities, insurance and debt collection.

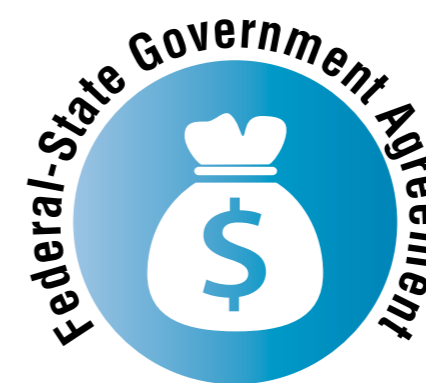
# We Need to Find a Better Way



- A charitable trust could manage both industry and government contributions for financial counselling.
- This would enable a co-ordinated approach to service delivery, providing economies of scale in administration and leveraging funding for better outcomes.
- Governance could reflect funding sources



- Some industries have indicated support for making voluntary contributions to the financial counselling sector.
- These could be channeled into a charitable trust for distribution. This mechanism would adequately address conflict of interest issues.



- Recognising that funding is a shared State/Federal Government responsibility, both levels of government could agree on a funding formula and term.
- This is how legal aid funds are managed, an approach that has been very effective.



- This is the way debt advice (financial counselling) services are funded in the United Kingdom.
- The UK levy is on financial institutions and funds both the financial services regulator (the Financial Conduct Authority) as well as debt advice and financial literacy initiatives.
- The UK levy raises 34 million pounds per annum for debt advice services.
- This model is under active consideration in Australia, with suggestions that ASIC could be funded on a user-pays basis.

## CURRENT FEDERAL FUNDING



There is also additional funding for financial counselling in areas where income management is in place. The exact amount of funding is not clear.

State Government funding varies between states.



## FUNDING OPTIONS

These options are not mutually exclusive and a combination is likely to be the best approach.

